Doing Business in Lao PDR:
A Country Commercial Guide for U.S. Business
2005

American Embassy,

Vientiane, Lao PDR

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Chapter 1: Doing business in the Lao PDR (overview):

Laos is sparsely populated and landlocked, with the bulk of its trade concentrated within the region, particularly among its immediate neighbors. A least-developed country (LDC), Laos is one of the poorest nations in East Asia, lagging its neighbors significantly in every economic indicator.

Long dependent upon international donors for aid, the Government of Laos recognizes the need to integrate into the regional and international communities. Laos joined ASEAN and AFTA in 1997 and applied for membership in the World Trade Organization the following year. As of early 2005, the WTO accession process is just starting. Trade with the United States remains modest through the beginning of 2005, inhibited by the lack of normal trade relations (NTR) between the two nations. NTR was offered to Laos in December 2004, and a previously signed Bilateral Trade Agreement (BTA) with the United States entered into force in January 2005. Bilateral trade is therefore expected to pick up during 2005.

In an effort to reduce import dependency, the Lao Government has targeted key sectors for growth, including light industry and agriculture. Manufactured wood products, hydropower, agribusiness, light industry, handicrafts and the tourism sector (particularly eco-tourism) offer opportunities for American investors.

The Government of Laos plans to transform the geographical disadvantage of its landlocked position into a land-linked advantage. Laos has long borders with five larger neighbors, and new north-south and east-west highway corridors are being built to connect the Thai, Chinese, and Vietnamese economies through Lao territory. To participate in the regional economy at an advantage, Laos must complete the transition to a market economy, reform and develop its weak banking sector, establish and publish a viable body of commercial law, expand its trade regime, and strengthen its educational system - all in addition to building more physical infrastructure. Most Lao roads are very poor, though international donors are pressing ahead with ambitious road building in several parts of the country.

Currently, there are three bridges cross the Mekong River, at Vientiane, Pakse (wholly within Lao territory), and Savannakhet (under construction – to be completed in December 2005). A limited (3.5 km.) rail link with Thailand will begin operating during 2005, connecting Vientiane with Nong Khai.

Approximately 36 American businesses or their agents reportedly operate in Laos. There is as yet no American Chamber of Commerce, but foreign businesses may apply for membership in the Lao National Chamber of Commerce http://www.lncci.laotel.com/.

Country commercial guides are available for U.S. exporters from the national trade data bank's CD-ROM or via the internet. Country commercial guides can also be accessed via the world-wide-web at http://Laos.usembassy.gov/. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce Trade Information Center by phone at 1-800-usa-trad, or by fax at (202) 482-4473, or;
http://www.census.gov/foreign-trade/statistics/product/enduse/imports/c5530.html
http://www.census.gov/foreign-trade/statistics/country/index.html
http://usembassy.state.gov/Laos

Chapter 2: Economic and political environment

The Lao People's Democratic Republic is an authoritarian, Communist, one-party state ruled by the Lao People's Revolutionary Party (LPRP). There are no opposition political parties, and virtually all senior members of the government, National Assembly and provincial administrations are Party members. There are no indigenous NGO's, and "mass organizations" such as the Lao Women's Union, Youth Union or Lao Front for National Construction, are in fact government institutions designed to ensure citizens' compliance with Party policy. The Lao government has begun to allow the registration of "associations" that are not government-controlled, but only for business purposes, and only on a preliminary basis.

The rights of Lao people are extremely restricted: all press and media are state controlled, there is no freedom of speech or assembly, and the Lao people have no voice in their governance. As Lao society develops and becomes more influenced from the outside, the government is slowly loosening its control in modest ways, for example easing travel requirements for Lao seeking to go abroad. However, the Party's monopolization of power has not changed and there is little real prospect for progress toward multi-party democracy under the current regime.

The Central Committee, elected at the Communist Party's Seventh Party Congress in 2001, is made up of 53 members. The Central Committee sets policies, and the government is expected to implement those policies. The Political Bureau of the Central Committee (Politbureau), composed of the most senior members of the Party, is the key decision-making body on nearly all issues of importance. Many senior members of the government, including the President, Vice President, Prime Minister, Deputy Prime Ministers, and President of the National Assembly, are also Politburo members, thereby ensuring that the Party maintains a tight grip on the government.

In foreign affairs, the Lao government promotes a policy of good relations with all its neighbors, both in recognition of Laos' vulnerability and in a bid to attract foreign assistance and investment. However, the Party's close ideological relations with fellow Communist countries Vietnam and China has meant that these two countries are given priority of place in Laos' hierarchy of external relations. China, in particular, has taken advantage of these ideological links to greatly expand its political and economic influence in Laos. Laos' ties to Thailand, the country it most closely resembles culturally, have often been strained since 1975, but in recent years have improved. Laos also enjoys close relations with ASEAN countries since it joined ASEAN in 1997. Lao-U.S. relations have gotten steadily better in the past decade, but the U.S. remains deeply concerned over Laos' poor human rights record, its failure to reform economic institutions, and the absence of political freedoms.

Chapter 3: Selling US products and services

A) Distribution and sales channels:
Generally, import-export wholesale companies import goods into Laos and sell goods to retailers. Goods may enter Laos by air, by road, or (less formally) by river. There is no active railroad in Laos as yet, though a short spur line from Nong Khai, in Northeastern Thailand, is in the planning stage. The lack of a well-developed road system and basic infrastructure in many areas makes distribution outside of the main urban areas in Vientiane, Luang Prabang, Savannakhet, and Pakse difficult, time-consuming, and costly. However, the main north-south route is in good repair, and the North-South and East-West Corridors, intended to eventually connect the Chinese, Vietnamese, and Thai economies through Laos, are well advanced.

B) Use of agents and distributors; finding a partner:
Many import-export companies exist in Vientiane and in the cities located at or near border crossings, such as Pakse and Savannakhet. Most import-export companies are likely to be ill-equipped to handle large-scale distribution. U.S. firms looking for a distributor in a particular province should contact the provincial branch of the Lao National Chamber of Commerce (LNCC) http://www.lncci.laotel.com

The LNCC can also help identify business partners. Under the 1994 foreign investment law, a business cooperation contract (similar to a partnership) provides for the division of profits and liabilities between partners. In this case, the partners assume full liability, as no separate legal entity is formed.

C) Franchising:
Laos has no special law regulating franchises.

D) Direct marketing:
Because of low telephone instrument density (only about 1 instrument per 31 people), poor roads, and high illiteracy rates, direct marketing is not very effective in Laos.

E) Joint ventures/licensing:
Lao foreign investment law recognizes joint ventures, but requires the foreign partner to contribute at least thirty percent of total equity. Foreign partners’ equity may be foreign currency, plant and equipment, capital goods, technology, and/or skills and management. Lao partners (including the Lao government) may contribute money, land, water rights, natural resources, and/or capital goods. The value of the inputs and assets of each side are assessed at international market rates and

converted into local currency at the prevailing exchange rate on the date of equity payment. The incorporation of joint ventures must comply with the business law of the Lao PDR. Lao business laws and regulations will increasingly be put on ministerial websites during 2005 as part of the program of compliance with the U.S. - Lao BTA.

F) Establishing an office:

To apply for a foreign investment license, the foreign investor must present the following documents to the Department of Domestic & Foreign Investment (DDFI), located in the Committee for Planning and Co-operation (CPC):

a) standard application for a foreign investment license (signed by both parties if a joint venture)
b) company by-laws and a financial statement
c) a feasibility study
d) articles of association.

Joint venture applications must also include an agreement on technology transfer and a joint venture agreement signed by both sides. To establish a representative office, the foreign company must present the first two documents mentioned above; a company profile or the foreign investors' bio-data; the company's financial statement/annual report; a lease agreement for office space in Laos; verification of the representative's employment with the company; and a copy of the representative's passport (if a foreigner).

DDFI, the line ministries concerned, and the CPC, will jointly screen the proposal and are required by regulation to issue or deny the license within 15, 45 or 60 working days, depending upon the amount of financing involved. Within 90 days of receipt of the license, the company must register with the Ministry of Commerce in order to obtain a business license; register with the tax department at the Ministry of Finance; and receive an industrial establishment authorization from the Department of Industry in the Ministry of Industry and Handicrafts.

G) Selling: factors and techniques:

In Laos, American products generally enjoy a good reputation for technological sophistication and high quality, but the reputation is remembered from earlier years or acquired second hand. The consumer products of Laos' regional neighbors are far better known. The Lao market can be difficult for American products due to their higher prices, as well. To compete successfully, some U.S. firms have combined routine advertising with workshops, training programs, trade shows, and product launching events for wholesalers and distributors, as well as customers. The Thai and Lao Languages, while similar, are not identical. As Thai products with Thai Language packaging are ubiquitous in Laos, Thai Language packaging will often suffice. However, American products that include Lao-language packaging and/or promotional materials are likely to be more highly regarded.

H) Advertising and trade promotion:
Advertising and trade promotion are important marketing tools in Laos for American products. Since nearly all Lao who own televisions watch Thai advertisements, a good reputation and strong advertising campaign in Thailand will likely have a positive effect upon Lao consumers, as well. Many companies advertise in two Lao local newspapers: Vientiane Mai, a Lao Language newspaper, and the Vientiane Times, an English Language newspaper.

A brief listing of major newspapers, business journals, radio, television stations and business advertising companies follows:

Vientiane Times (English Language)
Pangkham Rd. Vientiane, Lao PDR
P.O.box: 5723
Tel: (856) 21 216-364 or 217-593
Fax: (856) 21 216-365
Http://www.vientianetimes.org.la

Pasaxon (Lao Language)

66 Setthathirath Street,
P.O. box: 1110, Vientiane, Lao PDR
Tel: (856) 21 212-466 or 212-470
Fax: (856) 21 212-470
http://www.pasaxon.org.la

Vientiane Mai (Lao Language)
36 Rue Setthathirath,
P.O. Box: 989, Vientiane, Lao PDR
Tel: (856) 21 212-623 or 212-624
Fax: (856) 21 215-989 or 212-989

Vientiane Thurakit Sangkhom (business-social, Lao Language)
C/O Vientiane Mai
36 Rue Setthathirath,
P.O. box: 989, Vientiane
Tel: (856) 21 212-623 or 212-624
Fax: (856) 21 215-989 or 212-989

Lao News Agency
80 Setthathirath Ave.
P.O. Box: 3770, Vientiane
E-mail: kpl@laonet.net
Tel: (856) 21 251090, 215-402, 212-447 or 212-449

Fax: (856) 21 212446, 251090.

Lao National Radio
C/o Ministry of Information and Culture
Rue Sethathirath
Tel:(856) 21 212-428, 212-429, 212-431, 212-432 or
212-433 fax: (856) 21 212430
Email: nationalradio@hotmail.com

TV channel 3
Thatluang Road, Ban Nongbone
Vientiane
Tel: (856) 21 412182, 315-452 or 315-453
Fax: (856) 21 315-449

Chapter 4: Leading sectors for US exports and investment (Principal Growth Sectors)

Services represent about 25% of Lao GDP, and output in this sector has grown about 6 percent each year since 2000. The growth rate for services in 2004 was a very healthy 7.6 percent. However, prospects in the several service industries vary. Telecommunications will certainly continue to be a strong growth area in services, and demand for trade-related services will expand as new road connections among the Thai, Chinese, and Vietnamese economies are completed through Laos. But export-related services for garments, particularly, will be problematic after the expiration of the Multi-Fiber Agreement at the beginning of 2005. Growth in financial services is stagnant, due to the slow pace of reforms in the financial sector.

Revenue from tourism decreased from $113 million in 2002 to about $87 million in 2003, mainly due to the terrorist attacks in the United States and Indonesia, and to the SARS and Avian Flu epidemics in Southeast Asia during 2003-04. Nevertheless, tourism remains one of the mainstays of the economy and a chief earner of foreign exchange currency (estimated at $105 million in 2004). Barring further disruptions, tourism and the many associated service industries will continue to expand for the foreseeable future. The year-on-year increase in tourism levels from 2003 to 2004 was 13 percent.

Industrial output represents 24.5% of Lao GDP, all of it light industry. Growth in the industrial sector increased only very modestly during 2000-2002 (at 10.3 percent, compared to 10.1 percent in 2001 and at 8.5 percent in 2000), though the overall rate of industrial growth remained healthy. During 2003-04 industrial growth surged 10 percent.

Construction is benefiting from development trends throughout the country, chiefly in the larger towns. Mining is growing very fast due to several Australian enterprises. Growth in the mining sector was at 8.9 percent in 2002 and jumped to 269 percent in 2003. The chief products are gold and copper. Hydropower, boosted by the completion of a 615 MW power plant, grew by 7.6% in 2002, remaining at that level through 2003. Several additional significant hydropower installations are planned, almost all to serve Thai power import needs. The largest is the Nam Theun II Project, on which crucial decisions regarding political risk guarantees and financing will probably be made during the first half of 2005.

Laos’ small garment manufacturing sector (64 manufacturing facilities, most of them of modest size, at the end of 2004) appears quite vulnerable to the termination of the Multi-fiber Agreement at the beginning of 2005.

Agriculture and livestock breeding account for 50% of Lao GDP, but in recent years this sector lost the 4.9 percent growth momentum it achieved in 1999. The main agricultural goal of the Lao Government is rice self-sufficiency, but this is only occasionally achieved. As of the beginning of 2005 dry season rice harvests, have been particularly poor for two years running. Coffee and some fruits and vegetables are exported, mostly to Thailand and Vietnam. Vietnamese competition has limited the success of Lao coffee regionally. Nevertheless, the quality of Lao coffee is high, if still variable, and if the world market prices firm up this is a potentially profitable export product. The 2004 outbreaks of Avian Flu inflicted heavy losses on Lao poultry farmers, and problems in this sector seem likely to continue. Sericulture, maize, tea, and soybean are two promising new areas for rural agricultural production. Rubber also seems promising, and Chinese rubber interests are making inroads in the north of Laos, assisted by new infrastructure development. Non-timber forest products have long been exploited on a small scale in Laos and there is room for expansion of that market, as well.

Chapter 5: Trade regulations, customs and standards

A) Trade barriers:
The Lao Government has simplified its tariff structure and is gradually amending non-tariff barriers. The new BTA with the United States lowers tariffs on a range of American products. There is no longer any quota on imports of automobiles or restrictions on imports of goods (except chemicals, weapons and certain drugs). However, trade in Laos still requires authorization from several national and provincial authorities, which can be a time-consuming and less-than-transparent process. For example, as of the beginning of 2005, provinces were still collecting tariffs on goods imported through international ports within their provincial borders.

B) Customs regulations:
Laos uses two systems of customs valuation:

1. Valuation based on the transaction value of the imported item, which is usually based on the shipping invoice.

2. Valuation based on the certificate of the Lao Embassy or a reputable organization having expertise on price and fair market value, such as the Chamber of Commerce of the country of origin.

If the importers cannot provide any of these documents, customs valuation is based on a reference list, or upon domestic price FOB CIF (the so-called general price), plus 15 percent. Importers must employ a certified customs specialist or certified customs clearance company to complete the report. Lao law does not, as yet, require a determination of origin for imported goods.

C) Tariffs and import taxes:
The Lao import tax system aims to promote importation of inputs for investment and production while protecting domestic production and limiting luxury imports. Foreign investors do not pay import duty on imports of machinery and equipment for production, or on spare parts. Raw materials and intermediate goods needed for export production are also exempt. Raw materials and intermediate goods imported for import-substituting industries can be accorded special treatment based on incentive agreements.

There are ten normal import tariff rates: 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45% and 50%. These are published in the ASEAN harmonized tariff nomenclature book (October 1, 2003). They are levied by the Customs Department, Ministry of Finance. Further detailed tariff information can be had at: Http://laocustoms.laopdr.net

In addition to the excise tax rates, importers may face a turnover tax, with rates of 3%, 5% and 10% on many goods. Some goods also face an excise tax, as follow: fuel 5%, 10%, 12%, 23% and 24%; alcohol under or higher than 15c^{o} 50% and 60%; soft drink and beverages 30%; cigarettes 50%; perfume and other cosmetic products 20%; fire products 70%; vehicles 10%,15%,20%,25%,30%,60%,62%,65%,72%,75% and 104%; electric and electronic products (freezers, washing machines, TVs, cameras, etc) 12%. Gaming equipment, including associated furniture cabinets or other similar products 10%; services for snooker, bowling and lottery businesses 10%; services for amusement industries, 15%.

Eleven goods listed as luxuries must pay additional excise taxes, as follow (the rate of exchange as of the beginning of 2005 was 10,580 kip/$1.00US): soft drinks 300-600 kip/liter; soda 400-800 kip/liter; caffeine drinks 200-1000 kip/liter, mineral water or drinking water 2000 kip/liter, fruit juice or canned coffee 1000 kip/liter, alcohol or soft drink contains under 15 degree/liter 300 k-2000 kip, alcohol or soft drink contains over 15 degrees/liter 500-5000 kip/liter, beer 900 –3000kip/liter, cigarettes 400-2000 kip/a pack, motorcycle 100,000-200,000k, vehicles 500,000k - 3,000,000 kip (depending upon the vehicular category).

Goods exempt from the turnover tax include: goods considered essential to domestic production (insecticide, pesticides, tools, equipment and chemicals for science research and analysis, seeds, breeds and fertilizer), fire trucks and wheelchairs, gold for printing bond paper, goods for embassies or international organizations; livestock vaccines; agriculture products; seedling & saplings; export services; educational services; banking & security; and others. The Lao government plans to introduce a value-added tax to replace the turnover tax during 2005.

D) Import/export license requirements:
Import license: Application for an import license must be made to the provincial trade authority where the importing enterprise is located. An import/export license is valid for the life of the business, but the owner must renew his business operation license yearly. The Lao Government offers quotas for importing duty-free vehicles to qualifying individuals and companies.

Import/export documentation:

a) For general goods, importers are required to have the following documentation for each shipment: 1) import planning approval for each year; 2) invoice; 3) packing list; 4) transport documents; 6) bill of lading; 7) customs clearance (import) report. Importers of raw materials for re-export are required to have the same documents as other importers, except for the contract and import license. Instead, they are required to provide an annual import plan to the provincial or municipal industry and handicraft department where their manufacturing facility is located.

Importation of automobiles is not restricted by Lao Government, nor is there a quota. Automobile importers, individuals or companies, unless they have obtained duty free status, must pay an import tax, turnover tax, excise tax, and additional tax for luxurious goods to the government based on the tariff rates.

Exporters should have the following documents when applying for an export declaration: 1) an application for export declaration; 2) an import/export license (only for goods under control of the ministry or government e.g. rough or polished diamonds); 3) an invoice of goods 3) a packing list 4) a certificate of country of origin and generalized system of preferences certificate of origin if applicable, 5) phyto-sanitary certificate for food exports; and 6) industrial products certification for industrial products. Normally it relies on requirement of the destination country.

E) Temporary goods - entry requirements:
Products imported for the purposes of processing, for assembly into finished products, or for exhibition and subsequent re-export, are exempt from duty. Trans-shipment of goods through Laos requires all the documents normally needed for import and export. In addition, the export-import company shipping goods through Laos must submit an annual trans-shipment plan to the relevant Ministry (e.g., Agriculture and Forestry for wood products) and then obtain individual permissions from the Ministry for each trans-shipment. Goods traveling through Laos are not subject to import or export taxes.

F) Special import/export requirements and certifications:
To import or export pharmaceuticals, food, or chemical products, in addition to the required documents mentioned in subsection “D” of this chapter, the importer must obtain a license from the Food and Drug Control Import Division of the Food and Drug Department of the Ministry of Public Health. For more information please contact Food and Drug Control Division, Food and Drug Control Department of the Ministry of Health, at the following fax and phone numbers: Tel: (856) 21 214013-5; fax: (856) 21 214015.

Pre-shipment inspection is required for export goods, in accordance with the requirements of the destination country. Laos has no special labeling or marking requirements.

G) Prohibited imports:
Lao law prohibits the importation of weapons, illegal drugs, toxic chemicals, hazardous materials, pornography, and agricultural produce grown domestically in sufficient quantities.

H) Export controls:
The Lao Government uses quotas to control exports of timber and lumber. In practice, almost all shipments are inspected before export.

Lao law prohibits the export of weapons, antiquities, Buddha images, illegal drugs, raw logs, sawed wood (15x80 size and thicker regardless of length), raw and basic processed rattan, and wildlife.

J) Standards:
Laos has no specific law on standards for imported or exported goods. Imported goods are allowed to enter based on the certification of the country of export.

K) Free trade zones:
Laos has established a special Savan-Seno Special Economic Zone (SSEZ), at two sites. Site A (305 ha.) is located immediately upstream of Savannakhet (Khanthabuly), where a second Mekong River bridge is due for completion in December 2005. Site B (20 ha.) is in Seno town, 28 km east of Khanthabuly City at the junction between the Routes 13 and 9. The Ministry of Commerce has indicated willingness to establish free trade zones in other parts of the country, as well, as an investment incentive.

L) Membership in free trade arrangements:
Laos became a member of ASEAN in 1997 and has committed to bringing all of its tariffs into line with its AFTA commitments. The following countries have granted GSP status to Laos: Japan (for all products); Australia (no import tax); European Union; South Korea; Norway, Switzerland, and the USA. Laos has signed trade agreements with 16 countries: Vietnam; China; Cambodia; Burma; Thailand; North-Korea; Philippines; Mongolia; Indonesia; Malaysia; Bulgaria; Russia; India; Belarus; Argentina and the USA.

M) Customs contact information:
Mr. Santiphab Phomvihan, Deputy Director
Customs Department
Ministry of Finance
Tel: (856) 21 213810 or 223524
Fax: (856) 21 223-520 or 223521

Mr. Souliyol
Director of Import/Export Division
Department of Foreign Trade
Ministry of Finance, Vientiane
Tel: (856-21) 412008
Fax: (856-21) 412434

Mr. Khampoun Inpengrasbout
Head of Foreign Cooperation Division
Customs Department
Ministry of Finance, Vientiane
Tel: (856) 21 213810
Fax: (856) 21 223521

Chapter 6: Investment climate statement

Overview: Laos remains a “least developed” agrarian economy, heavily dependent upon foreign aid and investment. After eleven years of socialist policies, the Government of Laos implemented the New Economic Mechanism (NEM) in 1986 to help the country toward to a more market-driven and oriented economy. Between the late 1980s and the mid-1990s, under NEM reforms, trade was liberalized, price controls were lifted, many state-owned industries were privatized or commercialized, and a comparatively open foreign investment law was passed. During the same period, the exchange rate stabilized and inflation remained manageable. However, the Lao commercial banks remained state-owned.

After mid-1996 the pace of reform slowed considerably, damaging investor confidence. Foreign Direct Investment (FDI) fell off sharply due to the generally poor investment climate. The regional economic downturn hit Laos hard, as did severe inflation and currency collapse following poor macro-economic management during 1998-99. The macro-economic situation gradually stabilized during 2001-03 and throughout 2004 was considered by the IMF to be under control.

Lao investment law is very imperfectly applied. Despite some streamlining of investment application procedures during 2002, there are still bureaucratic impediments in the application process, continued restrictions on kinds of businesses foreigners may run, a lack of transparency in the regulatory framework, a lack of rule of law generally, and corruption. In general, large investors have smoother sailing in Laos, but smaller investors report administrative bottlenecks and legal difficulties with the Lao authorities. Medium-sized investors (for example, in the transportation sector) who have carved out a market may find their licenses difficult to renew as well-connected domestic entities jockey to get their business. There is also very considerable disparity in the treatment of Lao and foreigners, for example in rents, hotel room rates, transportation tickets, and utility charges.

The core problem remains the highly centralized and secretive decision-making within the Government. Laos’ efforts to implement the BTA with the United States, and thereafter to enter the World Trade Organization, may promote greater transparency and consistency in the legal and regulatory spheres.

Openness to foreign investment:
Among the reforms adopted by the Lao Government in 1994 was an official policy promoting foreign direct investment as a means of boosting development and

economic growth. Under the 1994 Foreign Investment Law, foreign investment is only specifically prohibited in sectors affecting national security, or if it is deemed detrimental to the environment or to public health. The law permits 100-percent foreign ownership in all sectors except hydropower, forestry, and mining. In practice, however, some sectors, such as banking, construction, and many aspects of timber exploitation are effectively closed to most foreigners.

Since 1988 the Lao government has privatized more than 90 state-owned enterprises (SOE’s), leased about 45 others, and converted nine into joint ventures between the government and private partners. Officially, thirty-two core enterprises remain under state ownership. Many SOEs in Laos are quite small and are aimed at the tourist industry. The government is currently reviewing the operations of the remaining core SOEs, but no timetable has been set for their privatization or conversion to other forms of ownership. SOEs are an impediment to the economy, and do inhibit investment in some areas, but the impediment is not great, as the SOEs are not usually very competitive.

The Foreign Investment Law is framed in positive, progressive terms, though it lacks detail and implementing regulations. It guarantees protection of foreign investments and property from government confiscation, seizure or nationalization without compensation. It also guarantees operation free from government interference, the right to lease land, to transfer leasehold interests, to make improvements on land and buildings, and to repatriate earnings. Foreign investors may invest in either joint ventures with Lao partners or in wholly foreign-owned entities.

Conversion and transfer policies:
Foreign investors are required to open commercial bank accounts - both in local and convertible foreign currency - at any of the domestic or foreign banks in Laos. Lao law places no limitations on foreign investors transferring their after-tax profits, income from technology transfer, initial capital, or interest or salaries to home or third countries at the official exchange rate on the day of execution, upon presentation of appropriate documentation. In practice, however, foreign exchange is often very hard to obtain in the amounts a sizeable enterprise may need, and the GOL has occasionally practiced informal rationing during times of scarcity. During the sharp depreciation of the local currency in 1998-99, investors with kip earnings reported extreme difficulty in converting local currency income to dollars in a timely fashion. With the stabilization of the exchange rate during the first three-quarters of FY

2000, the situation improved considerably. Waits of about three days to convert kip to hard currency were reported. Should the exchange rate again begin to depreciate markedly, foreign currency shortages, rationing, and longer waits for conversion of kip earnings into dollars will likely ensue.

Expropriation and compensation:
The Foreign Investment Law guarantees protection from expropriation or nationalization of property without compensation. The Embassy reports no instances of outright expropriation of U.S. investor property by the government. However, small investors can face law-enforcement, bureaucratic, or court actions that amount to expropriation. For example, in 1998, as part of a criminal judgment against a Lao company, the government seized its assets, including equipment leased to the company by several foreign companies. To date, the foreign companies have not been compensated for the loss of the leased equipment. Also, during 2001 one small investor had judgments delivered against him without him being present or even being advised of the hearing date.

Dispute settlement:
According to the Foreign Investment Law, investors involved in disputes must seek arbitration before taking legal action. If arbitration does not result in a settlement, litigants may submit their claims to the Lao Economic Arbitration Authority, to a similar authority in a foreign country, or to an international organization agreed upon by both parties. Foreign investors are generally advised to seek arbitration outside of Laos, since Laos’ domestic arbitration authority is very weak. Laos is not a member of the International Center for the Settlement of Investment Disputes. It became a party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards on September 15, 1998, but has never yet had to enforce a foreign arbitral award.

Laos’ legal system is inadequate in many key respects. Existing legislation often lacks consistency and implementing regulations. For example, tax exemptions and low import duties, supposedly guaranteed to foreign investors under the foreign investment law, are not reflected in either customs or tax law (see section A.5. below). No laws have been officially translated into English though unofficial translations are gradually becoming available. The reliability of unofficial translation varies.

Multilateral institutions and private consultants are helping the GOL enact implementing regulations for various laws, including the Foreign Investment Law.

However, Laos' ponderous bureaucracy often obstructs this process. International donors have programs to assist Lao accession to the World Trade Organization. These include components aimed at bringing Lao commercial law into conformity with WTO standards.

Laos has no anti-trust statutes. The bankruptcy law permits either the business or creditor the right to petition the court for a bankruptcy judgment and allows the business the right to request mediation. However, the law lacks any provision for bringing suit against persons who may have guaranteed loans. Nor are the creditor's rights altogether clear. Embassy knows of no cases in which foreign-owned enterprises, debtors or creditors, have petitioned the courts for a bankruptcy judgment.

Personnel, licenses, performance requirements, incentives, taxes, and duties:
Foreign investors are encouraged to give priority to Lao citizens in recruiting and hiring, but foreign personnel can be hired as necessary. Before bringing in foreign labor, the enterprise must apply for work permits from the Ministry of Labor and Social Welfare. In theory this is about a three-week process. In practice, it takes much longer. A foreign personnel list must be submitted to the Investment Service Center of DDFI. Visas and work permits are issued for 3, 6, and 12 month periods, depending upon the nature of the work. Visas and permits for foreign personnel are often difficult to renew. Laos does not impose performance requirements.

Taxation:
Foreign investments in activities within certain specially promoted sectors and zones determined in Lao investment laws are offered certain incentives, chiefly tax breaks and holidays. This list should be treated as an approximation, as these regulations change from year to year. Interested parties should examine Lao Government websites and contact the relevant Lao Government offices directly. Website of the Department of Domestic and Foreign Investment in the Committee for Planning and Investment: http://invest.laopdr.org/

Tax exempted or partially exempt activities include: Production for export, agricultural and forestry activities, agro-forestry and handicraft processing activities, activities relating to industrial processing, industrial activities using modern technology, scientific study and analysis activities and development, activities in relation to protection of environment and biodiversity; human resources development, skills development and protection of people's health, construction of infrastructure, production of raw materials and equipment to be supplied to key industrial activities.

The Lao Government has also identified three special zones to be given promotional treatment based on geographical location and socio-economic conditions. The zones are as follow:

1. Mountainous, plain and plateau zones with no existing economic infrastructure to facilitate investment. Investments will be entitled to a profit tax exemption for seven years and thereafter will be subject to profit tax at the rate of ten percent.

2. Mountainous, plain and plateau zones with a certain level of economic infrastructure suitable to accommodate investments to some extent. Investments will be entitled to a profit tax exemption for 5 years, and thereafter will be subject to a reduced profit tax rate of half of fifteen percent for 3 years, and thereafter a profit tax rate of fifteen percent.

3. Mountainous, plain and plateau zones with good infrastructure to support investment. Investments will be entitled to a profit tax exemption for 2 years and thereafter will be subject to reduced profit tax rate of twenty percent during 2 years and thereafter a profit tax rate of twenty percent.

Profit tax exemption starts from the date of the foreign enterprise’s commencement of operation. For tree plantation activities, profit tax exemption commences from the date the enterprise starts making a profit. Once the profit tax exemption period is over, the foreign investment enterprises must pay profit tax in accordance with the laws and regulations.

Apart from the incentives mentioned above, foreign investment enterprises will be entitled to the following incentives:
- During the tax exemption period and during the tax reduction period, the enterprise is entitled to an exemption of minimum tax;
- Profits used for the expansion of licensed business activities will be exempted from profit tax during the accounting year;
- There is an exemption from import duties and taxes on equipment, spare parts, vehicles directly used for production, raw materials which do not exist domestically or exist but are insufficient, semi-finished products imported for manufacturing or for processing for the purpose of; and exemption of export duty on export products.

- Raw materials and semi finished products imported for manufacturing or assembly for import substitution will be exempted from import duties and taxes or will be subject to reduced rates of import duties and taxes.

The required annual renewal of a Lao business license is contingent upon certification that all taxes have been paid. Due to the lack of clarity in the tax law, foreign investors complain that taxes are often assessed in an inconsistent and capricious manner. Lao officials acknowledge ambiguities in the law. The tax code was streamlined and simplified in January 1999, and again in 2002-03, but some foreign investors still report significant difficulties in obtaining tax certifications and clearances in a timely manner. It should be noted that foreigners living in Laos are indirectly taxed by having to pay much higher utility charges and other public fees, and also pay much more for hotel rooms and transportation.

The Foreign Investment Law stipulates that foreign investors, their families, and their employees must be allowed to enter or exit, travel or stay within Laos. During the application process, potential investors may obtain a three-month visa. Once the investment license is approved and operations begin foreign technical staff and skilled labor can obtain six-month, multiple entry visas, managers and majority shareholders can obtain a one-year visa.

Right to private ownership and establishment:
The government recognizes the right of private enterprise ownership. Foreigners may transfer shares of a foreign-invested company with prior government approval. The business law requires that all shareholders be listed in the articles of association, and changes in the articles of association of a foreign-invested company must be approved by DDFI.

Debt and property rights:
Foreign investors are not permitted to own land in Laos. The government grants long-term leases and allows the ownership of property on leased land and the right to transfer and improve leasehold interests. Government approval is not required to transfer property interests, but the transfer must be registered for a fee. This includes mortgage lease interests.

Secured interests in property are recognized through the Secured Transactions law of 1994. Because the law offers no instructions for the creditor to enforce his security rights (the creditor, for example, can only request repayment from the debtor), the law favors the debtor. There are instances, however, in which this has been seen not to be the case for foreigners involved in debt litigation. Moreover, the registry system at the Ministry of Finance is not computerized and seems unable to cross-reference records. It is therefore difficult to determine if a piece of property carries any prior encumbrances.

Intellectual property:
Laos became a member of the World Intellectual Property Organization (WIPO) in 1995, and WIPO began assisting Laos in drafting an intellectual property law in 1996. Implementing regulations are still largely lacking. Laos also issued a trademark decree in January 1995. The Science, Technology, and Environment Agency (STEA), which is part of the Prime Minister's Office, controls the issuance of trademarks on a first-come, first-registered basis. Applicants do not have to demonstrate prior use. There are currently about 9,300 trademarks registered in Laos.

Laos became a member of the ASEAN Common Filing System on patents in 2000 but lacks qualified patent examiners. A decree protecting patents, petty patents, and industrial designs was approved in January, 2002. Laos is a member of the Paris Convention on the Protection of Industrial Property, but has not yet joined the Bern Convention on Copyrights. No system yet exists to actually issue copyrights. A copyright law exists in draft as of the beginning of 2005.

Transparency of the legal and regulatory systems:
Transparency is one of the largest problem areas in Laos, and its lack is the main drag on the country's ability to attract FDI. The principal laws, regulations, decrees and guidelines governing international trade and investment, as well as the protection of intellectual property, are usually made public, though not in official translations and not all have been translated into English, even unofficially. Laws and their schedules for implementation are usually first published in the Lao daily newspapers. Thereafter interested parties may publish unofficial translations for the benefit of the business community. Several ministries are beginning to put their regulations onto their websites.

Foreign investors frequently cite inconsistencies in the interpretation and application of existing laws as one of the greatest impediments to investment. The lack of transparency in the centralized decision-making process, as well as the difficulty encountered in obtaining general information, add to the arbitrary and opaque aspects of the regulatory framework. Moreover, while the government ostensibly streamlined the process by giving DDFI sole responsibility for initial foreign investment applications, the red-tape requirements associated with actually establishing a foreign investment remain formidable.

Capital markets and portfolio investment:
Laos has no developed capital market. Three-month Treasury bills are occasionally offered for sale when there is a need to absorb excess liquidity in the economy. The country is just beginning to use checks and other financial instruments as methods of payment. The largest denomination of currency is 20,000 kip (about US $2.12). Large business transactions in cash are therefore cumbersome. Credit is not readily available on the local market for large capital investments, although letters of credit for export can be locally obtained.

The banking system is under the supervision of the Bank of Lao PDR and includes three state-owned commercial banks, three joint-venture banks (including one with joint ownership between the governments of Laos and Vietnam), six Thai banks (whose activities are mainly limited to providing services to local Thai businesses), one Malaysian bank, and one representative office of a foreign bank. By law, foreign banks are permitted to operate only in Vientiane. Total assets of commercial banks are estimated at 31 percent of GDP, with a single bank (Banque pour le Commerce Exterieur du Laos) accounting for 45 percent of all bank assets and 57 percent of all foreign currency deposits.

In general, the state-owned commercial banks (SOCBs) have suffered from capricious supervision from the central bank, ineffective enforcement of prudential guidelines, and poor credit standards, often resulting from directed lending to inefficient state-owned enterprises (SOEs). Although the SOCB’s were re-capitalized in 1994, a 1997 audit indicated that the institutions were once again insolvent, with non-performing loans accounting for most of their debt portfolio. Observers tracking the macro-economic situation in Laos reported during 2003-04 that the SOCBs were as good as bankrupt. That situation improved during late 2004, and some capital became again available for lending. However, there remains the problem of SOEs absorbing capital in loans that thereupon become NPLs. The Asian Development Bank (ADB) has provided both program loans and technical assistance to Laos’ financial sector to improve procedures and standards. Continued ADB assistance in this area will target improvement of commercial bank operations.

Political violence and personal security:
Low-level insurgent activities continue in remote areas northern Laos. Occasionally small bombs have been detonated in Vientiane by political dissidents, causing small physical damage, though there have been some

casualties. Foreign business interests are not targeted. Visitors are advised to use caution when traveling in remote districts. Most kinds of violent crime are rare. However, burglary, armed and unarmed, does occur in Vientiane. The police generally lack transportation and telephoned calls for assistance are unlikely to be heeded (see Department of State consular notices).

Corruption:
Both giving and accepting bribes are criminal acts, in theory punishable by fine and/or imprisonment. The Prime Minister’s Office issued an anti-corruption decree in November 1999, but effective action to combat corruption is lacking. The National Audit Agency, in the Prime Minister’s Office, is responsible for combating corruption, but is not an independent body. Instead it is controlled by the Government and the Party.

Corruption in Laos continues to be an issue. Besides bribes to low-level officials to expedite time-sensitive applications, such as business licenses and importation of perishable items. Businesses complain that official corruption at many levels is growing.

Bilateral investment agreements:
Laos has bilateral investment agreements with the following countries,

Country	Date Signed	Date Entered Into Force	Duration
France	12/12/89	3/8/91	10
Thailand	8/22/90	12/7/90	10
Malaysia	12/8/92	-	10
China	1/31/93	6/01/93	10
Mongolia	3/3/94	12/29/94	10
Indonesia	10/18/94	10/14/95	10
Australia	4/6/94	4/8/95	15
United Kingdom	6/1/95	6/1/95	10
Vietnam	1/14/96	6/23/96	10
USA(initialed)	3/8/96	3/26/96	20
Rep of Korea	5/15/96	6/14/96	15
Germany	8/9/96	3/24/99	10
Sweden	8/29/96	1/1/97	20
Switzerland	12/4/96	12/4/96	10
Russia	12/6/96	-	15
Singapore	3/24/97	3/25/98	10
Cuba	4/28/97	6/10/98	10
DPRK	8/20/97	8/22/99	10
Denmark	9/28/98	5/9/99	10
India	11/09/00	-	15

Laos and the United States do not have a bilateral taxation treaty. A Bilateral Investment Treaty was initialed in 1997. Formal approval of this treaty is pending Congressional action.

OPIC and other investment insurance programs:
The United States and Laos signed an Overseas Private Investment Cooperation (OPIC) agreement in March 1996 but no loans have been extended to date. In 1998 Laos signed an agreement with the Multilateral Investment Guarantee Agency (MIGA). That agreement was ratified by the National Assembly in May 2000.

Labor:
More than 70 percent of Laos' total work force of about 2.8 million is engaged in subsistence agriculture. Of these people, a large but undetermined percent also engage in some kind of forest extraction subsistence, and some groups in remote areas are predominantly gatherers. Nuclear families are the fundamental work units outside of the capitol, with broader kin relations the most usual framework for larger-scale cooperative subsistence work.

The estimated industrial work force in 2004 numbered about 90,000 people, about 20,000 of them employed in garment manufacturing. About 90 percent of garment workers are females. The industrial total labor force is expected to increase by about 25 percent over the next ten years, but only if foreign direct investment enters the country. The pool of available labor will increase dramatically over the next decade, as the population is growing quickly.

The Labor Law passed in 1994 provides for the formation of trade unions, specifies working hours and compensation standards, allows for maternity leave and benefits, workers' compensation and retirement benefits, and establishes procedures for labor dispute resolution. The GOL raised the official minimum wage to 93,600 kip per month (a little more than twelve dollars) in February 2000. Wages for unskilled labor at garment factories, including bonuses and lunch, now run at about US$ 35 monthly. Labor unions can only be formed in private enterprises so long as they operate within the framework and under the control of the Lao Federation of Trade Unions (LFTU), controlled by the Lao People's Revolutionary Party.

There are about 1,600 small, officially sanctioned trade associations nationwide, and LFTU numbered membership is about 77,000. Strikes are not specifically prohibited by law, but a government ban on subversive activities or destabilizing demonstrations effectively prevents them. A social security program was inaugurated by decree in

1999, providing for measures of medical care, death and survivor's benefits, sickness and injury benefits, and old age pensions. In theory, all employers with more than 10 employees must take part and smaller firms may opt to join. In practice, severe inflation since the decree was promulgated prevented the scheme from taking off.

The lack of skilled and educated workers is a major obstacle to development in all sectors. English is not widely spoken. According to UNDP figures, only about 47 percent of the adult population is literate, and these are mostly in the towns. The shortage of high-tech and even moderately skilled labor is acute. The country has a few technical schools and one scientific research facility, the National Institute of Hygiene and Epidemiology. There are only two post-graduate degree programs at the National University. The GOL is trying to alleviate the shortage of skilled labor by increasing the number of foreign-funded and state training programs. Potential investors should note the need to dedicate substantial resources, both human and capital, to train employees.

Foreign direct investment:
Solid figures on FDI are difficult to obtain, due to the inclusion of approved but unimplemented projects in Lao Government FDI lists. Hydropower schemes account for much of FDI, and hydropower is likely to remain the most active sector for foreign investment. A generally weak investment climate accounts for the continuing FDI fall-off, a pattern that will prove problematic to current Lao Government plans for long-term poverty alleviation using FDI as a fulcrum.

Generally inaccurate Lao Government figures still can support some tentative conclusions about patterns of Foreign Direct Investment (FDI) in the country. If FDI in general has been faltering, the proportions of FDI coming from a range of investing countries is changing quickly. The Australians have become the number one source of new FDI, followed by the Chinese, whose actual level of investment is much less clearly recorded. Hydropower and mining are the sectors in which the heftiest dollops of FDI have been forthcoming and may be expected in the future. The Japanese, by far the largest bilateral donors to Laos, do not invest much in Laos. Much FDI from neighboring countries, particularly Vietnam and China, remains below the official radar screen and are not reflected in government figures.

The value of Vietnamese investment projects more than tripled between 2001 and 2004, though the dollar value of investment coming from China is much higher. About half of the new investment applications in 2004 originated in

Thailand, China, or Vietnam, while more than three-quarters of all the new applications came from Asian countries.

FDI IN LAOS IN MILLIONS OF US DOLLARS (Bank of Laos PDR)

1996	1997	1998	1999	2000	2001	2002	2003	2004
176	89	46	52	34	24	25	20	25

Chapter 7: Trade and project financing

The banking system:
There are three state-owned commercial banks in Laos, not counting the Lao-Viet bank, a joint venture between the Lao and Vietnamese Governments. Foreign currency transactions are dominated almost completely by the Banque pour le Commerce Exterieur (BCEL); the other two banks, Lao Development Bank and Agriculture Promotion Bank, serve primarily provincial domestic markets.

There is no national deposit insurance system in Laos, and supervisory standards are low. Technical expertise and the variety of services offered at the domestic banks are limited. Adequate loan-loss provisioning has not been instituted; a 2001 and 2002 audit of the state-owned commercial banks estimated that 30-70% of their portfolios were non-performing. Subsequent reports in 2003-04 indicate that reserve levels are marginal, but adequate. Liquidity has improved somewhat, but lending practices have not.

Foreign banks first opened in Laos at the end of 1992, and as of early 2005 they were still permitted to maintain branch offices only in Vientiane. There are currently branches of foreign banks (five Thai and one Malaysian), and two private joint venture banks with foreign participation. Standard Chartered Bank operates a one-person representative office in Vientiane.

The foreign branches are not incorporated in Laos, and generally serve foreign or expatriate customers (primarily Thai businesses), and do few if any kip-denominated operations. Significant flows of foreign direct investment rarely, if ever, enter the domestic banking system, and there is little or no inter-bank lending between the state-owned commercial banks and the foreign branches.

Foreign exchange for imports is informally rationed, with preference accorded imports of gasoline and food.

Availability of financing:
Financing is generally difficult to obtain from the local banking system, and there is no EX-IM program in Laos. An Overseas Private Investment Cooperation (OPIC) agreement was signed in 1996, and an agreement with the Multilateral Investment Guarantee Agency (MIGA) in 1998. In 1998, the government signed an agreement with the Mekong Project Development Facility (MPDF), a multi-donor funded operation managed by the international finance corporation (IFC). The MPDF is designed to promote the establishment and expansion of privately owned, small and medium--sized enterprises--as well as joint venture

projects with significant local private participation--in Laos, Cambodia, and Vietnam. These several agreements have not resulted in large lending programs, though the ADB does SME and microfinance development. The current overall philosophy of International Financial Institutional finance sector development is to get reforms, so that home-grown finance will become possible. Therefore, offshore banks are the most realistic source of trade-related financing.

Banks with correspondent banking arrangements:
BCEL has correspondence arrangements with the following banks (US dollars)
- BNP Paris bas USA, New York
- Deutsche Bank Trust Company America, Inc. New York
- JP Morgan Chase Bank, New York
- Union of California International, New York
- Citibank, New York
- Wachovia Bank, New York
- American express bank, Ltd., New York
- HSBC Bank, New York
- Standard Chartered Bank, New York
- Barclays Bank Plc., London
- Credit Suisse First Boston, Zurich
- Commonwealth Bank of Australia, Sydney
- Bank of Tokyo-Mitsubishi, Ltd, Tokyo
- Credit Agricole Indosuez, Singapore
- Natexis Banque Populaires, Singapore
- Credit Suisse First Boston, Singapore
- Standard chartered bank, Singapore
- Bank for foreign trade of Vietnam, Hanoi
- Thai Military Bank Public Co. Ltd., Bangkok
- Bank Thai Public Co. Ltd. Bangkok
- Credit Agricole Indosuez, Bangkok

Australian dollars:
- Commonwealth of Australia, Sydney

Canadian dollars:
- Royal Bank of Canada, Toronto
- The Bank of Nova Scotia, Toronto

Pound Sterling:
Barclays Bank PLC, London

Euros:
- Banque de France, Paris
- Credit Agricole S.A., Paris
- Deutschebank, AG., Frankfurt
- Westdeutsche Landesbank Girozentrale, Duesseldorf

Japanese Yen:
- The bank of Tokyo Misubishi, Ltd, Tokyo

- Union bank of California, Tokyo and USA

Swiss Francs:
- Credit Suisse First Boston, Zurich

Thai Baht:
- Thai Military Bank Public Co., Ltd, Bangkok
- Bank Thai Public Co. Bangkok
- Credit Agricole Indosuez, Bangkok

Chapter 8: Business travel

Business customs:
Business relationships in Laos are not as formal as those in other East Asian countries, and are often based on personal relations developed within the social circles of family, friends, and close associates. Since the emphasis placed on personal relationships is high, having a reliable and well-connected local agent or representative is crucial to the success of a foreign venture. Events progress slowly in Laos, where the step-by-step approach reveals the cultural premium placed on caution and restraint. Representatives of U.S. businesses seeking to enter the Lao market should plan to visit the country several times.

Travel and visas:
To enter Laos as either a tourist or a businessman, visitors are required to have a valid passport and a Lao visa. Information about entry requirements may be obtained from the Embassy of the Lao People's Democratic Republic, 2222 S St. NW, Washington, DC 20008; Tel: (202) 332-6416; fax: (202) 332-4923; internet home page: http://www.laoembassy.com/ . Visas are also issued upon arrival, subject to certain conditions, at one of these three international check-points: Wattay airport in Vientiane, Luang Prabang Airport, and the Friendship Bridge across the Mekong from Nong Khai province of Thailand. Visas on arrival cost US $30 and are valid for 15 days. Business visas can be obtained in advance from the Investment Service Center in Vientiane. The Investment Service Center charges a service fee of US $35, which does not include either visa or fax fees, and requires one week for processing. Business visas have one-month validity and are renewable. The Investment Service Center may be contacted at Tel: (856) (21) 217-016, or (856) (21) 217-014; fax: (856) (21) 215-636.

Further information on travel to and within Laos may be obtained from the consular information sheet on Laos available from the U.S. Department of State. For recorded travel information, call (202) 647-5225. For information by fax, call (202) 647-3000. The Consular Information Sheet is also available via the Consular Affairs Home Page at http://travel.state.gov.

American business travelers are encouraged to obtain a copy of the Key Officers of Foreign Service Posts: Guide for Business Representatives available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; Tel: (202) 512-1800; fax: (202) 512-2250. Business travelers to Laos seeking appointments with U.S. Embassy Vientiane officials should contact the Commercial Section in advance. The

Commercial Section can be reached by telephone: (856) 21 212-581 or 582; fax: (856) 21 217-643 or 212-584, or by e-mail at: rolstosl@state.gov or sivanphonetx@state.gov

HOLIDAYS:

DATES	HOLIDAY
JANUARY 01	NEW YEAR’S DAY
APRIL 13/14-15	LAO NEW YEAR (PIMAY LAO OR WATER FESTIVAL)
MAY 01	LAO LABOR DAY
OCTOBER 13	BUDDHIST LENT
OCTOBER 14	BOAT RACING FESTIVAL
NOVEMBER 11	THAT LUANG FESTIVAL (DATE SHIFTS ANNUALLY; ALWAYS IN NOVEMBER)
DECEMBER 02	LAO NATIONAL DAY

Work week:
Official working hours start from 8:00 a.m. to 12:00 p.m. and from 1:00 p.m. to 4:00 p.m. from Monday to Friday. However, in factories and many private companies work hours are extended until 5:00 p.m. Lao labor law stipulates that the factory work week can be extended to six days.

Temporary entry for equipment:
Equipment which visitors carry for personal use and any goods used in exhibitions or as samples for subsequent re-export are exempt from any taxes and duties. In order to obtain this exemption, visitors must declare at the port of entry that the relevant goods or equipment are being temporarily imported, and must guarantee that it will be re-exported upon the visitors’ departure. Goods brought into Laos for exhibition or as samples require a license from the Ministry of Commerce or the local trade office at the port of entry.

Chapter 9: Contacts, market research, and trade events

Laos has not had many large-scale trade events, though occasionally the products of a given country may be showcased at small events. During 2005 the number of shows will probably increase. Permission to conduct or participate in a trade exhibition, and information on planned events can be obtained from:

Mr. Khenethong Sisouvong, Executive Director, Lao Trade Promotion Center. Tel: (856-21) 216207, Fax: (856-21) 213623..MB: (856-20) 5647100. 104/4-5 Khounbulom Rd. P.O.Box4107, Vientiane, Lao PDR. Email: laotpc@hotmail.com

Chapter 10: Guide to services
Contacts:
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